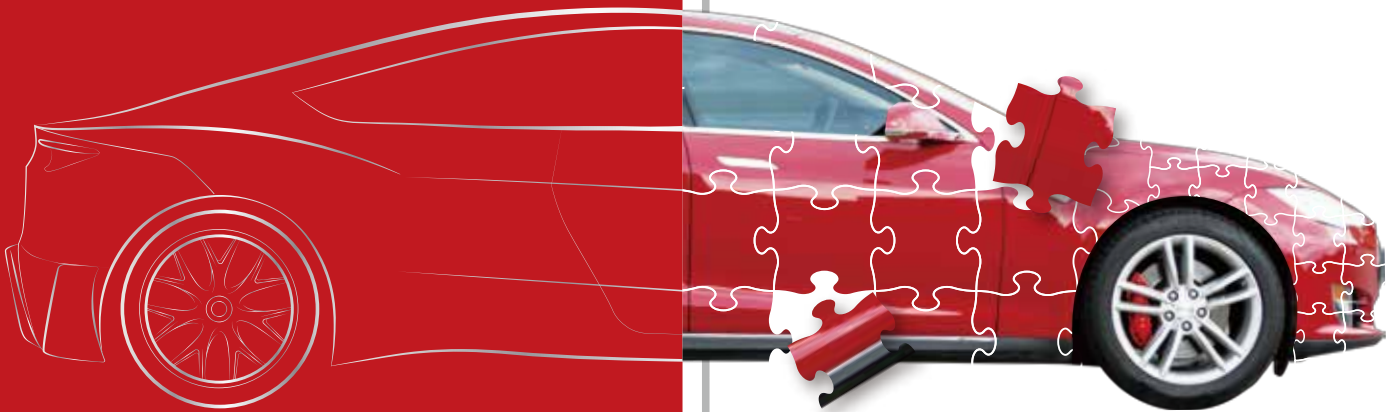


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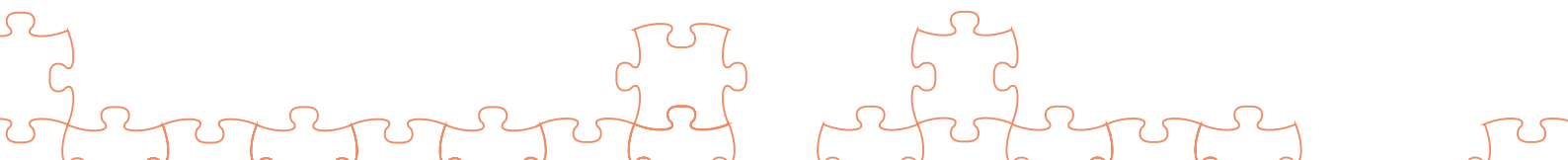
力勁科技集團有限公司
L.K. Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 558)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chong Siw Yin (*Chairperson*)
Mr. Liu Zhuo Ming (*Chief Executive Officer*)
Mr. Tse Siu Sze

Independent Non-executive Directors

Dr. Low Seow Chay
Dr. Lui Ming Wah, *SBS, JP*
Mr. Tsang Yiu Keung, Paul

COMPANY SECRETARY

Mr. Wong Kin Ming

AUTHORISED REPRESENTATIVES

Ms. Chong Siw Yin
Mr. Wong Kin Ming

AUDIT COMMITTEE

Mr. Tsang Yiu Keung, Paul
Dr. Lui Ming Wah, *SBS, JP*
Dr. Low Seow Chay

NOMINATION COMMITTEE

Dr. Low Seow Chay
Dr. Lui Ming Wah, *SBS, JP*
Mr. Tsang Yiu Keung, Paul

REMUNERATION COMMITTEE

Dr. Lui Ming Wah, *SBS, JP*
Mr. Tsang Yiu Keung, Paul
Dr. Low Seow Chay

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 8th Floor
Mai Wah Industrial Building
1-7 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Bank of China
Hang Seng Bank Limited
Intesa Sanpaolo Spa

STOCK CODE

558

WEBSITE

<http://www.lktechnology.com>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2020 (the “Period under Review”), the Group recorded a revenue of HK\$1,734,642,000, representing an increase of approximately 19.2% as compared to the same period last year. The profit attributable to owners of the Company was HK\$113,151,000, representing a substantial increase as compared to a profit of HK\$15,893,000 in the corresponding period last year.

The increase in revenue was mainly attributable to the substantial increase in the sales revenue of the Group in the PRC market.

During the Period under Review, the Group’s revenue from the PRC market was HK\$1,358,927,000, representing an increase of 29.1% as compared to the same period last year.

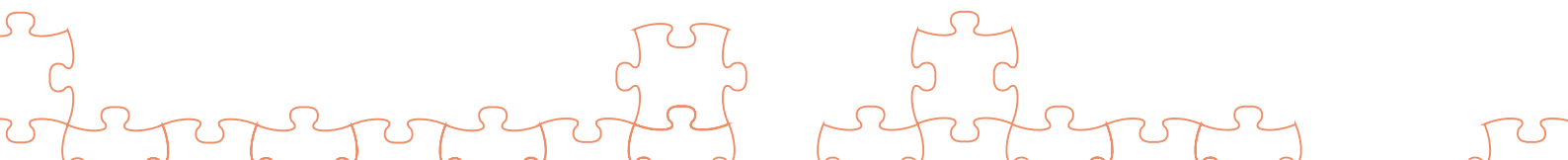
In 2020, the COVID-19 pandemic swept across the world, greatly affecting on the global economy, safety and development momentum. In the second and third quarter of 2020, in the face of the severe challenges brought about by the COVID-19 pandemic and the complex and ever-changing international and domestic environment, China’s pandemic prevention and control continued to improve, the resumption of work, production, trading, and business activities accelerated, and the overall economy declined initially but recovered subsequently. According to statistics from the National Bureau of Statistics, the economy in second quarter saw a year-on-year growth of 3.2%, and the third quarter saw a year-on-year growth of 4.9%. Main indicators grew restoratively, the economic operation steadily recovered, market expectation was overall positive, and the general social development was stable.

The automobile industry in China was initially hard hit by the pandemic, but the sales volume has shown a V-shape growth trajectory in 2020. Since the second quarter, thanks to the effective control of the pandemic, the pace of work and production resumption by enterprises has accelerated. Driven by policies of various regions to promote automobile consumption, automobile sales recovered steadily since the second quarter, and the overall performance exceeded expectation. According to the statistics of China Association of Automobile Manufacturers, the production and sales volume of vehicles from January to September 2020 were 16.957 million and 17.116 million, respectively. Although still down by 6.7% and 6.9% respectively as compared to the same period last year, the production and sales volume of vehicles have gradually regained the upward momentum and maintained a positive development trend.

Revenue from the overseas market was HK\$375,715,000, representing a decrease of 6.7% as compared to the same period last year. Since the international spread of the pandemic, it has not yet been effectively controlled. The Group has improved communication flow and strengthened connections with its overseas agencies, however, as the development of the market was still subject to great challenges, the Group was unable to secure better sales results.

Die-casting Machine

During the Period under Review, the revenue of the Group’s die-casting machine and peripheral equipment business was HK\$1,118,759,000, representing an increase of 15.3% as compared to the same period last year.



MANAGEMENT DISCUSSION AND ANALYSIS

Specifically, the revenue from the PRC market was HK\$782,503,000, representing an increase of 22.6% as compared to the same period last year. During the period, the overall automobile industry in China grew in a distinctive V-shape trajectory, driving the development of the automotive components industry. In addition, as the construction of 5G networks accelerated, investments in infrastructure increased markedly, fuelling the fast growth of the communications-related components industry. The investment by manufacturers in new equipment notably recovered.

Plastic Injection Moulding Machine

During the Period under Review, the revenue of the plastic injection moulding machine business of the Group was HK\$564,091,000, representing an increase of 28.9% as compared to the same period last year. Downstream industries of plastic injection moulding machine, such as medical care, packaging, small home appliances, and daily necessities, saw sound demands. The investment by manufacturers in new equipment notably recovered.

Computerised Numerical Controlled (CNC) Machining Centre

During the Period under Review, the revenue of the Group's CNC machining centre business was HK\$51,792,000, representing an increase of 10.6% as compared to the same period last year. As the Group endeavoured to reduce operating costs and enhance inventory management, the loss was further under control during the period.

FINANCIAL REVIEW

During the Period under Review, the overall gross profit margin of the business of the Group was 26.6%, remaining substantially at the same level as the corresponding period last year.

Selling and distribution expenses amounted to HK\$162,924,000, representing an increase of 13.5% as compared to the corresponding period last year, which was mainly due to the increase in employee salary and transportation costs.

General and administrative expenses amounted to HK\$149,229,000, representing a decrease of 6.1% as compared to the corresponding period last year, which was mainly due to the decrease in employee salary.

Net finance costs amounted to HK\$27,492,000, representing a decrease of 29.8% as compared to the corresponding period last year, which was mainly due to the significant decrease in bank loans which led to a decrease in interest expense.

PROSPECTS

Since March of this year, the Group's production and operation have improved quickly and its performance has regained growth, showing a robust development momentum. As control over pandemic further stabilise across China, various projects for economic and social development progress steadily, stimulus policies of various regions come into effects simultaneously, and the pandemic subsides internationally, the demands in the overseas market will gradually recover and the automobile industry will further recover, underpinning the Group's sustained business growth.



MANAGEMENT DISCUSSION AND ANALYSIS

China is forging a new development landscape by continuously expanding domestic demands so that production, resources allocation, distribution, and spending will rely more on the domestic market, thereby creating a virtuous cycle for the national economy. Currently, the Group has strong level of orders on hand, and its production is intense yet orderly. The Group will continue to focus on the research and development of technologies for die-casting machine, plastic injection moulding machine and CNC machining centre, striving for breakthroughs to satisfy customers' ever-changing demands. The Group will also actively exploit application products in areas including new energy vehicles and 5G communications, accelerate the upgrade of products and the development of new products, strengthen the automation and networking level of products, and establish long-term business relationship with customers. Meanwhile, the Group will expand its overseas agency network, striving to promote its products to the global market and establish new foundation for its sustainable development.

LIQUIDITY AND FINANCIAL RESOURCES

The working capital of the Group was generally financed by internal cash flows generated from its operation and existing banking facilities. As at 30 September 2020, the Group's cash and bank balances amounted to HK\$588,459,000 (31 March 2020: HK\$713,793,000).

The gearing ratio (a ratio of net debt to total equity) was approximately 39.3% (31 March 2020: 52.9%).

Note: Net debt is calculated as total borrowings less cash and cash equivalents.

As at 30 September 2020, the capital structure of the Company was constituted exclusively of 1,191,265,000 ordinary shares of HK\$0.1 each. The total amount of outstanding borrowings was HK\$1,434,528,000 (31 March 2020: HK\$1,765,507,000), approximately 99.2% of which being short-term loans. Approximately 16.4% of the total borrowing was subject to interest payable at fixed rates.

FINANCIAL GUARANTEES

The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 30 September 2020, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to HK\$11,869,000 (31 March 2020: HK\$24,538,000). The Group has also provided guarantees in respect of financial facilities of its customers to leasing finance providers amounting to approximately HK\$6,276,000 (31 March 2020: HK\$9,282,000).

PLEDGE OF ASSETS

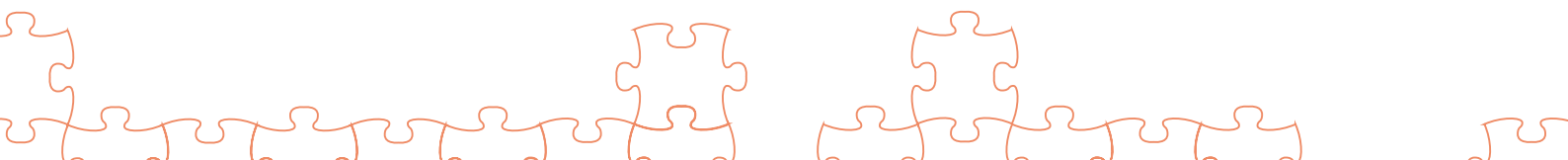
As at 30 September 2020, the Group's banking facilities and financial guarantee contracts were secured by the assets of the Group, including restricted bank balances, right-of-use assets, an investment property, property, plant and equipment, insurance policy investments and bills receivables, with aggregate carrying amounts of HK\$652,711,000 (31 March 2020: HK\$611,793,000).

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had made capital expenditure commitments amounts of HK\$419,801,000 (31 March 2020: HK\$131,293,000) in respect of acquisition of property, plant and equipment.

STAFF AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed approximately 3,700 full time staff. The staff costs for the Period under Review amounted to HK\$269,747,000 (2019: HK\$277,809,000). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefit such as mandatory provident fund, state-managed social welfare scheme, share option scheme and share award scheme.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of

Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of director/ chief executive	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin ("Ms. Chong")	the Company	See Note ⁽¹⁾	770,980,000 ⁽¹⁾ Long position	64.72%
	the Company	Beneficial owner	2,550,000 Long position	0.21%
	the Company	Interest of spouse	5,202,500 ⁽²⁾ Long position	0.44%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	770,980,000 ⁽³⁾ Long position	64.72%
Mr. Tse Siu Sze	the Company	Beneficial owner	1,235,000 Long position	0.10%

Notes:

- These 770,980,000 shares are owned by Girgio Industries Limited ("Girgio"). Girgio is owned as to 95% by Fullwit Profits Limited ("Fullwit") as trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song ("Mr. Liu"), the spouse of Ms. Chong. Fullwit is wholly-owned by Ms. Chong. Ms. Chong is deemed to be interested in the shares held by Girgio through Fullwit and Mr. Liu.
- These 5,202,500 shares are beneficially owned by Mr. Liu.
- Mr. Liu Zhuo Ming is deemed to be interested in the 770,980,000 shares held by Girgio as a beneficiary of The Liu Family Trust. Mr. Liu Zhuo Ming is the son of Mr. Liu and Ms. Chong.

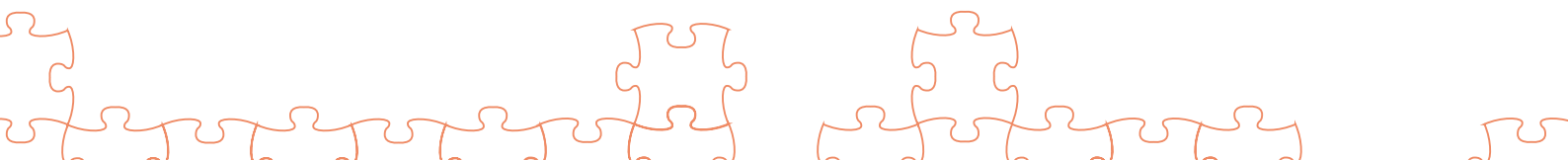
OTHER INFORMATION

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executives of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Giorgio	Beneficial owner	770,980,000 ⁽¹⁾ Long position	64.72%
Mr. Liu	See Note ⁽²⁾	770,980,000 ⁽²⁾ Long position	64.72%
		2,550,000 ⁽²⁾ Long position	0.21%
	Beneficial owner	5,202,500 Long position	0.44%
Fullwit	See Note ⁽¹⁾	770,980,000 ⁽¹⁾ Long position	64.72%
HSBC International Trustee Limited	See Note ⁽³⁾	770,980,000 ⁽³⁾ Long position	64.72%



OTHER INFORMATION

Notes:

1. These 770,980,000 shares are owned by Girgio. Girgio is owned as to 95% by Fullwit as trustee of The Liu Family Unit Trust and 5% by Mr. Liu. Fullwit is wholly-owned by Ms. Chong.
2. Mr. Liu is the spouse of Ms. Chong and is deemed to be interested in the shares held by Ms. Chong. Besides, Mr. Liu holds 5% interest in Girgio.
3. HSBC International Trustee Limited is the trustee of The Liu Family Trust. The Liu Family Trust was established by Mr. Liu on 22 February 2002 as an irrevocable discretionary trust for the benefit of Ms. Chong and the children of Mr. Liu and Ms. Chong. HSBC International Trustee Limited as trustee of The Liu Family Trust owns 99.9% of the units issued under The Liu Family Unit Trust and Ms. Chong owns the remaining 0.1% of the units.

Save as disclosed above, the Directors of the Company were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who has interest in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred therein.

SHARE OPTION SCHEME

The Company has adopted a new share option scheme ("New Share Option Scheme") on 8 September 2016 which will remain in force for a period of 10 years. Under the New Share Option Scheme, the Board may, at their discretion, grant share options to eligible participants including any directors and employees of the Group. No options have been granted under the New Share Option Scheme since its date of adoption.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on 28 October 2015 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognize the contributions of the employees (including without limitation employees who are also directors) of the Group and to give incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the growth and further development of the Group.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at their absolute discretion select any employee for participation in the Share Award Scheme as a selected employee. The Board may determine the number of shares of the Company to be awarded to each selected employee and may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the award as it may at its absolute discretion think fit.

The Board shall not make any further award which will result in the total number of shares awarded by the Board under the Scheme exceeding 10 per cent. of the issued share capital of the Company as at the Adoption Date. The total number of shares which may be awarded to a selected employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1 per cent. of the issued share capital of the Company as at the Adoption Date.



OTHER INFORMATION

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

During the six months ended 30 September 2020, the Company has not purchased any shares of the Company through the trustee in the open market on the Stock Exchange for the purpose of the Share Award Scheme. There were no shares awarded to employees pursuant to the Share Award Scheme during the period.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents (2019: Nil) per share for the six months ended 30 September 2020 to the shareholders whose names appear on the register of members of the Company on Wednesday, 23 December 2020. The interim dividend will be paid on or about Friday, 8 January 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 December 2020 to Wednesday, 23 December 2020, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries, fellow subsidiaries and holding company has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

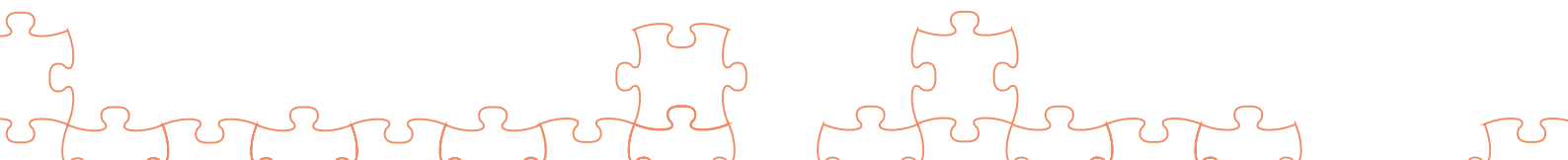
The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the Period under Review.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Lui Ming Wah and Dr. Low Seow Chay. Mr. Tsang Yiu Keung, Paul is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the Period under Review.



OTHER INFORMATION

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

In accordance with the requirement of Rule 13.21 of Chapter 13 of the Listing Rules, the following is the details of a facility agreement (the “Facility Agreement”) with a covenant relating to specific performance of the controlling shareholder of the Company at 30 September 2020:

On 5 February 2018, L.K. Machinery Company Limited (a wholly-owned subsidiary of the Company) as borrower, and the Company as a guarantor, entered into a facility agreement with a group of banks as lenders for a three-year term loan facilities of up to HK\$372,000,000 and US\$16,450,000.

The Facility Agreement provides that it would constitute an event of default under the Facility Agreement if (i) Mr. Liu Siong Song (a controlling shareholder of the Company held as to approximately 62% of equity interests in the Company as at the date of the Facility Agreement) and his family (the “Major Shareholders”) collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right, free from any security; (ii) the Major Shareholders collectively are not or cease to be the single largest shareholder of the Company; (iii) the Major Shareholders collectively do not or cease to have control over the board of directors of the Company; and (iv) Ms. Chong Siw Yin (spouse of Mr. Liu Siong Song) is not or ceases to be the Chairman of the Company.

The aforesaid obligation continued to exist at 30 September 2020.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2020. PricewaterhouseCoopers, the Group’s external auditor, also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2020 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

Chong Siw Yin
Chairperson

Hong Kong, 27 November 2020



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF L.K. TECHNOLOGY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 12 to 40, which comprises the condensed consolidated statement of financial position of L.K. Technology Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2020 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

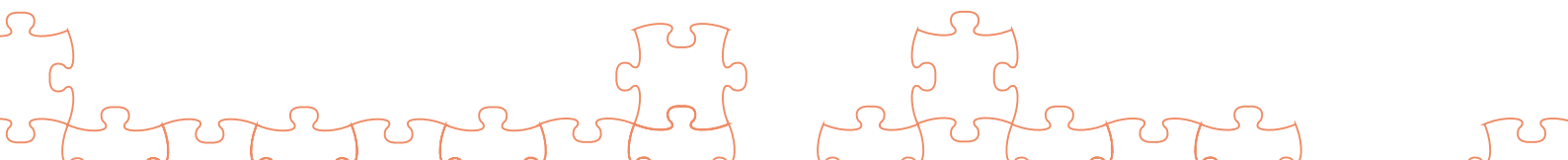
We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 November 2020



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

The board (the "Board") of directors (the "Directors") of L.K. Technology Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2020.

		(Unaudited) 30 September 2020 HK\$'000	(Audited) 31 March 2020 HK\$'000
	<i>Notes</i>		
Non-current assets			
Intangible assets	7	15,065	12,887
Property, plant and equipment	8	968,134	907,429
Investment properties	8	326,297	314,825
Right-of-use assets	8	346,595	347,616
Interests in joint ventures		–	–
Interests in associates		26,624	27,915
Other receivables and deposits		20,206	29,054
Deferred income tax assets		91,626	96,309
Trade and bills receivables	9	15,154	14,962
Insurance policy investments	5.3	12,607	12,438
Financial asset at fair value through other comprehensive income	5.3	5,682	5,555
Restricted bank balances		165	329
Total non-current assets		1,828,155	1,769,319
Current assets			
Inventories		1,121,049	1,128,346
Trade and bills receivables	9	1,297,308	1,143,069
Other receivables, prepayments and deposits		188,819	164,611
Restricted bank balances		99,045	79,867
Cash and cash equivalents		588,459	713,793
Total current assets		3,294,680	3,229,686
Total assets		5,122,835	4,999,005
Equity			
Share capital	10	119,127	119,127
Reserves		888,114	833,428
Retained earnings		1,147,957	1,034,097
Total equity		2,155,198	1,986,652

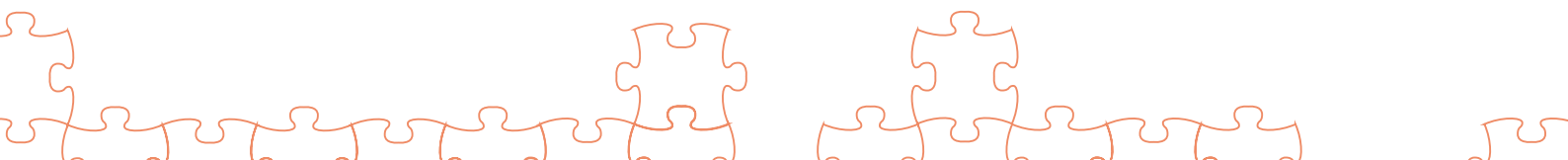
The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		(Unaudited) 30 September 2020 HK\$'000	(Audited) 31 March 2020 HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Deferred income tax liabilities		25,664	31,921
Borrowings	11	11,474	9,710
Lease liabilities		22,409	25,289
Other payables		6,242	6,265
Total non-current liabilities		65,789	73,185
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	12	1,440,844	1,160,616
Borrowings	11	1,423,054	1,755,797
Lease liabilities		8,506	8,559
Current income tax liabilities		29,444	14,196
Total current liabilities		2,901,848	2,939,168
Total liabilities		2,967,637	3,012,353
Total equity and liabilities		5,122,835	4,999,005

The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

		(Unaudited)	
		Six months ended	
		30 September	
		2020	2019
	Notes	HK\$'000	HK\$'000
Revenue	13	1,734,642	1,455,201
Cost of sales	15	(1,273,744)	(1,082,490)
Gross profit		460,898	372,711
Other income	13	32,299	30,207
Other gains/(losses) – net	14	12,250	(9,849)
Selling and distribution expenses	15	(162,924)	(143,492)
General and administrative expenses	15	(149,229)	(158,988)
Provision for impairment of trade receivables – net	15	(11,351)	(12,164)
Operating profit		181,943	78,425
Finance income		3,826	2,422
Finance costs		(31,318)	(41,612)
Finance costs – net	17	(27,492)	(39,190)
Share of profit/(loss) of an associate		336	(1,926)
Profit before income tax		154,787	37,309
Income tax expense	18	(41,636)	(21,416)
Profit for the period attributable to owners of the Company		113,151	15,893
		HK cents	HK cents
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share)			
– Basic	19(a)	9.5	1.3
– Diluted	19(b)	9.5	1.3

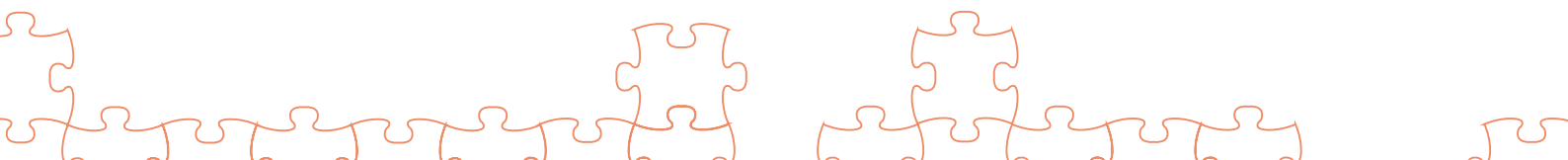
The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	(Unaudited)	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period	113,151	15,893
Other comprehensive income/(loss) for the period:		
Items that may be reclassified to profit or loss		
Currency translation difference	55,226	(147,232)
Change in value of insurance policy investments	169	232
Total comprehensive income/(loss) for the period, net of tax, attributable to owners of the Company	168,546	(131,107)

The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company (Unaudited)										
	Share capital HK\$'000	Share premium HK\$'000	Share reserve HK\$'000	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Insurance policy investments HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2020	119,127	579,809	13,771	(67,662)	11,116	251,506	45,118	(598)	368	1,034,097	1,986,652
Profit for the period	-	-	-	-	-	-	-	-	-	113,151	113,151
Other comprehensive income											
Currency translation difference	-	-	-	55,226	-	-	-	-	-	-	55,226
Change in value of insurance policy investments	-	-	-	-	-	-	-	169	-	-	169
Total comprehensive income	-	-	-	55,226	-	-	-	169	-	113,151	168,546
Transfer from statutory reserve	-	-	-	-	-	(709)	-	-	-	709	-
Transaction with owners	-	-	-	-	-	(709)	-	-	-	709	-
At 30 September 2020	119,127	579,809	13,771	(12,436)	11,116	250,797	45,118	(429)	368	1,147,957	2,155,198

The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

Attributable to owners of the Company (Unaudited)											
	Share capital	Share premium	Share reserve	Exchange translation reserve	Other reserve	Statutory reserve	Property revaluation reserve	Insurance policy investments	Financial assets at fair value through other comprehensive income	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	119,127	579,809	13,771	71,607	11,116	240,857	45,118	(889)	368	1,067,676	2,148,560
Profit for the period	-	-	-	-	-	-	-	-	-	15,893	15,893
Other comprehensive (loss)/ income											
Currency translation difference	-	-	-	(147,232)	-	-	-	-	-	-	(147,232)
Change in value of insurance policy investments	-	-	-	-	-	-	-	232	-	-	232
Total comprehensive (loss)/ income	-	-	-	(147,232)	-	-	-	232	-	15,893	(131,107)
Final dividend paid	-	-	-	-	-	-	-	-	-	(26,208)	(26,208)
Transaction with owners	-	-	-	-	-	-	-	-	-	(26,208)	(26,208)
At 30 September 2019	119,127	579,809	13,771	(75,625)	11,116	240,857	45,118	(657)	368	1,057,361	1,991,245

The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	(Unaudited)	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	361,864	62,286
Interest paid	(30,249)	(41,612)
Income tax paid	(25,924)	(30,993)
Net cash generated from/(used in) operating activities	305,691	(10,319)
Cash flows from investing activities		
Payments for intangible assets	(4,108)	(2,013)
Purchases of property, plant and equipment	(84,544)	(14,456)
Deposits for purchases of property, plant and equipment	(1,658)	(23,034)
Proceeds from disposals of property, plant and equipment	1,620	13,694
Proceeds from disposals of right-of-use assets	2,151	–
Dividend received from an associate	2,273	2,222
Payment for interest in an associate	–	(74)
Interest received	3,826	2,422
Net cash used in investing activities	(80,440)	(21,239)
Cash flows from financing activities		
Inception of new bank borrowings	248,811	466,910
Repayment of bank borrowings	(559,959)	(491,986)
Net (decrease)/increase in trust receipt loans	(45,516)	40,625
Payment of lease liabilities	(4,543)	(5,172)
Dividend paid	–	(26,208)
Net cash used in financing activities	(361,207)	(15,831)
Net decrease in cash and cash equivalents	(135,956)	(47,389)
Cash and cash equivalents at beginning of period	713,793	634,699
Exchange gains/(losses) on cash and cash equivalents	10,622	(19,256)
Cash and cash equivalents at end of period	588,459	568,054

The notes on pages 19 to 40 are integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

L.K. Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 October 2006. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The immediate and ultimate holding company of the Company is Girgio Industries Limited, a company incorporated in the British Virgin Islands.

The Company and its subsidiaries (the “Group”) are principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines, computerised numerical controlled (“CNC”) machining centre and related accessories.

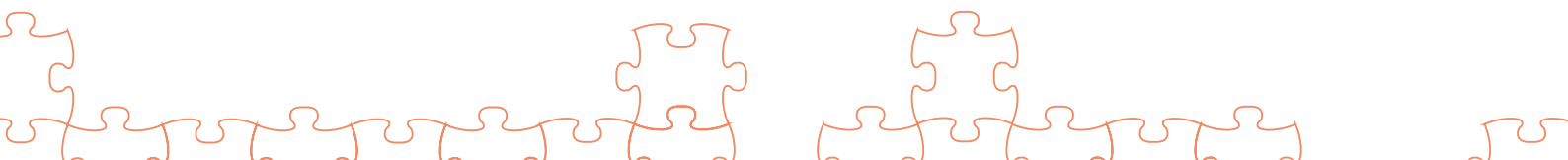
This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 27 November 2020.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

Income tax expenses in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New and amended standards and interpretation adopted by the Group

A number of new and amended standards and interpretation became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting
HKFRS 3 (Amendments)	Definition of a Business
Revised Conceptual Framework for Financial Reporting	

These standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2020.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
3. Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Group's financial assets that are measured at fair value at 30 September 2020 and 31 March 2020.

As at 30 September 2020

	(Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	5,682	5,682
Insurance policy investments <i>(Note ii)</i>	–	–	12,607	12,607
	–	–	18,289	18,289

As at 31 March 2020

	(Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	5,555	5,555
Insurance policy investments <i>(Note ii)</i>	–	–	12,438	12,438
	–	–	17,993	17,993

Note i: As at 30 September 2020 and 31 March 2020, financial asset at fair value through other comprehensive income consist of an unlisted equity investment which is denominated in RMB and its fair value estimated by market approach.

Note ii: As at 30 September 2020 and 31 March 2020, the fair value of insurance policy investments that is not traded in an active market is determined by reference to the expected return from the insurance policy investments which in turn is mainly derived from the cash surrender value of the insurance policy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

There were no transfers of financial assets and liabilities between levels 1 and 2 of the fair value hierarchy classifications.

Level 3 fair value

Reconciliation of Level 3 fair value measurement of financial assets:

	(Unaudited)		
	Six months ended 30 September 2020		
	Financial asset at fair value through other comprehensive income HK\$'000	Insurance policy investments HK\$'000	Total HK\$'000
Financial assets			
Balance at 1 April 2020	5,555	12,438	17,993
Exchange difference	127	–	127
Net gains recognised in the condensed consolidated statement of comprehensive income	–	169	169
Balance at 30 September 2020	5,682	12,607	18,289

	(Unaudited)		
	Six months ended 30 September 2019		
	Financial asset at fair value through other comprehensive income HK\$'000	Insurance policy investments HK\$'000	Total HK\$'000
Financial assets			
Balance at 1 April 2019	5,882	12,147	18,029
Exchange difference	(326)	–	(326)
Net gains recognised in the condensed consolidated statement of comprehensive income	–	232	232
Balance at 30 September 2019	5,556	12,379	17,935

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

Level 3 fair value *(Continued)*

There were no transfers into or out of Level 3 fair value hierarchy during the period.

The Group's 'trade, bills and other receivables', 'deposits', 'restricted bank balances', 'cash and cash equivalents' and 'trade, bills and other payables' are financial assets and liabilities not carried at fair value. As at both 30 September 2020 and 31 March 2020, the carrying values of these financial assets and liabilities approximated their respective fair values.

6 SEGMENT INFORMATION

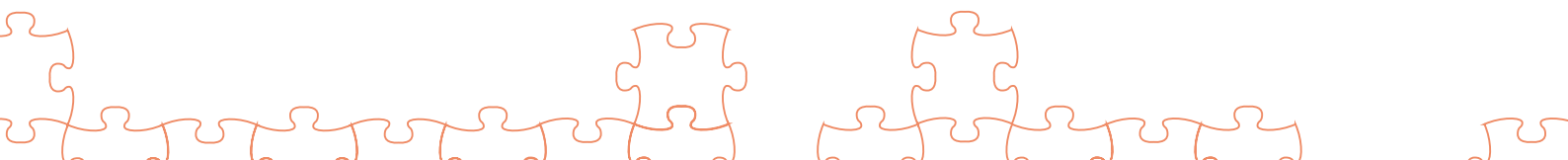
The Group determines its operating segments based upon the internal reports reviewed by the chief operating decision maker ("CODM") that are used to make strategic decisions. Segment results represent the profit/(loss) for the period before corporate expenses in each reportable segment. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

The measure used for reporting segment results is 'profit from operations', i.e. profit before finance income, finance costs and income tax expenses. To arrive at the profit/(loss) from operations, the Group's profit is further adjusted for items not specifically attributed to individual segments.

The Group is organised into three main reportable segments.

- (i) Die-casting machine
- (ii) Plastic injection moulding machine
- (iii) CNC machining centre

For the six months ended 30 September 2020, none of the customers of the Group individually accounted for 10% or more of the Group's total revenue (2019: same).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 September 2020 are as follows:

	Unaudited					
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total segments HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue						
External sales	1,118,759	564,091	51,792	1,734,642	-	1,734,642
Inter-segments sales	16,369	-	-	16,369	(16,369)	-
	1,135,128	564,091	51,792	1,751,011	(16,369)	1,734,642
Results						
Segment results	155,953	44,345	(6,242)	194,056	-	194,056
Administrative expenses						(12,113)
Finance income						3,826
Finance costs						(31,318)
Share of profit of an associate						336
Profit before income tax						154,787

The segment results for the six months ended 30 September 2019 are as follows:

	Unaudited					
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total segments HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue						
External sales	970,670	437,694	46,837	1,455,201	-	1,455,201
Inter-segments sales	10,331	-	-	10,331	(10,331)	-
	981,001	437,694	46,837	1,465,532	(10,331)	1,455,201
Results						
Segment results	77,633	23,601	(7,891)	93,343	-	93,343
Administrative expenses						(14,918)
Finance income						2,422
Finance costs						(41,612)
Share of loss of an associate						(1,926)
Profit before income tax						37,309

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

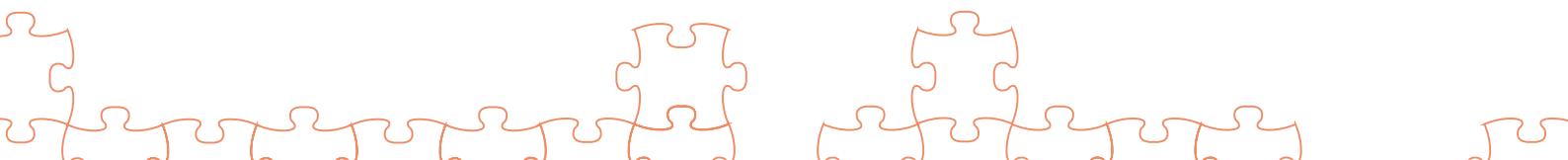
The following is an analysis of the Group's assets and liabilities by reportable segments.

As at 30 September 2020

	Unaudited			Total HK\$'000
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	
Assets				
Segment assets	3,309,491	1,198,591	579,890	5,087,972
Unallocated assets				34,863
Total assets				<u>5,122,835</u>
Liabilities				
Segment liabilities	2,131,043	674,221	103,019	2,908,283
Unallocated liabilities				59,354
Total liabilities				<u>2,967,637</u>

As at 31 March 2020

	Audited			Total HK\$'000
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	
Assets				
Segment assets	3,203,315	1,215,106	535,134	4,953,555
Unallocated assets				45,450
Total assets				<u>4,999,005</u>
Liabilities				
Segment liabilities	2,288,893	592,479	98,063	2,979,435
Unallocated liabilities				32,918
Total liabilities				<u>3,012,353</u>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments except for corporate assets, financial assets at fair value through other comprehensive income and insurance policy investments;
- all liabilities are allocated to reportable segments other than corporate liabilities; and
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

7 INTANGIBLE ASSETS

	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2019			
Opening net book amount as at 1 April 2019	8,662	2,800	11,462
Additions	2,013	–	2,013
Amortisation (<i>Note 15</i>)	(1,788)	–	(1,788)
Exchange difference	(160)	–	(160)
Closing net book amount as at 30 September 2019 (unaudited)	8,727	2,800	11,527
	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2020			
Opening net book amount as at 1 April 2020	10,087	2,800	12,887
Additions	4,108	–	4,108
Amortisation (<i>Note 15</i>)	(2,428)	–	(2,428)
Exchange difference	498	–	498
Closing net book amount as at 30 September 2020 (unaudited)	12,265	2,800	15,065

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND RIGHT-OF-USE ASSETS

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Land use rights HK\$'000	Right-of-use assets HK\$'000
Six months ended				
30 September 2019				
Opening net book amount as at 1 April 2019	1,011,716	328,614	340,979	–
Effect of adoption of HKFRS 16	–	–	–	41,239
Reclassification to right-of-use assets	–	–	(340,979)	340,979
Additions	18,396	–	–	694
Disposals	(12,865)	–	–	–
Depreciation (<i>Note 15</i>)	(60,391)	–	–	(8,705)
Increase in fair value (<i>Note 14</i>)	–	855	–	–
Exchange difference	(51,120)	(17,290)	–	(18,785)
Closing net book amount as at 30 September 2019 (unaudited)	905,736	312,179	–	355,422
		Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000
Six months ended 30 September 2020				
Opening net book amount as at 1 April 2020		907,429	314,825	347,616
Additions		96,760	–	–
Disposals		(2,156)	–	(961)
Depreciation (<i>Note 15</i>)		(53,865)	–	(8,646)
Increase in fair value (<i>Note 14</i>)		–	4,537	–
Exchange difference		19,966	6,935	8,586
Closing net book amount as at 30 September 2020 (unaudited)		968,134	326,297	346,595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND RIGHT-OF-USE ASSETS *(Continued)*

As at 30 September 2020 and 31 March 2020, the fair values of the investment properties have been arrived at on the basis of valuations carried out by LCH (Asia-Pacific) Surveyors Limited (“LCH”) and Valor Appraisal & Advisory Limited (“Valor”), independent professional surveyor and valuer. LCH and Valor are members of the Hong Kong Institute of Surveyors (“HKIS”), and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value measurement information for these investment properties are given below.

Description	Fair value measurements at 30 September 2020 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements:			
Investment properties (unaudited)	–	–	326,297

Description	Fair value measurements at 31 March 2020 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements:			
Investment properties (audited)	–	–	314,825

There were no transfers between Levels 1, 2 and 3 during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND RIGHT-OF-USE ASSETS *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

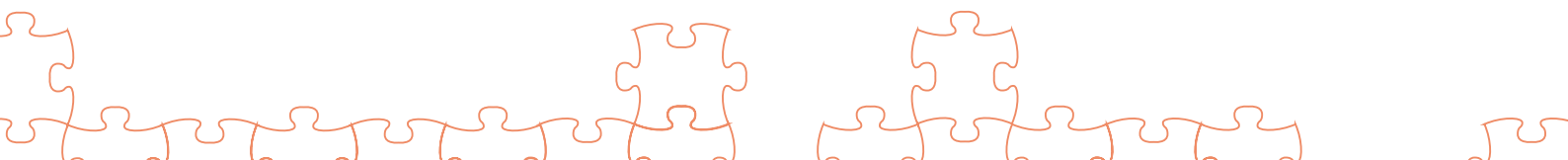
	(Unaudited)	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Balance at 1 April	314,825	328,614
Increase in fair value <i>(Note 14)</i>	4,537	855
Exchange difference	6,935	(17,290)
Balance at 30 September	326,297	312,179
Total unrealised gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period <i>(Note 14)</i>	4,537	855

The valuations, which conform to the HKIS valuation standards, 2017 Edition, were based on the income approach which largely used unobservable inputs (e.g. unit rate, discount rate, etc.) and taking into account the significant adjustment on discount rate to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

There were no changes to the valuation technique during the period.

The key assumptions used for the valuation and their relationships to fair value are as follows:

Unobservable input	Relationship of unobservable inputs to fair value
Unit rate	The higher the unit rate, the higher the fair value
Discount rate	The higher the discount rate, the lower the fair value



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 TRADE AND BILLS RECEIVABLES

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Trade receivables	1,107,694	1,035,885
Less: Provision for impairment	(127,810)	(128,474)
	979,884	907,411
Bills receivables	332,578	250,620
	1,312,462	1,158,031
Less: Balance due after one year shown as non-current assets	(15,154)	(14,962)
Trade and bills receivables, net	1,297,308	1,143,069

As at 30 September 2020, the amount of provision for impaired trade receivables was HK\$127,810,000 (31 March 2020: HK\$128,474,000). The provision for impairment of trade receivables made during the current interim period was HK\$11,351,000 (30 September 2019: HK\$12,164,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

The ageing analysis of the gross trade receivables based on invoice date at the end of reporting period is as follows:

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Within 90 days	533,550	464,039
91–180 days	153,599	175,116
181–365 days	161,587	121,068
Over one year	258,958	275,662
	1,107,694	1,035,885

The maturity date of the bills receivables is generally between one to six months.

Goods sold to customers are either made on cash on delivery or on credit basis. Customers in general are required to pay deposits upon placing purchase orders, the remaining balances will be payable upon goods delivery to customers. Majority of customers are granted with credit terms ranging from one to six months. The Group also sells goods to certain customers with sales proceeds payable by installments which normally range from six to twelve months.

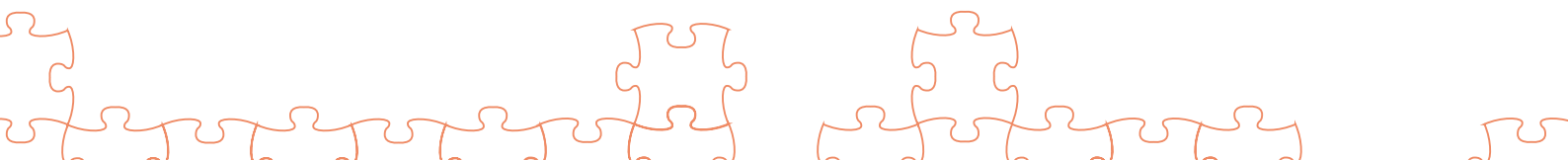
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 SHARE CAPITAL

	(Unaudited) Number of ordinary shares of HK\$0.1 each	(Unaudited) Amount HK\$'000
Authorised:		
At 31 March 2020 and 30 September 2020	1,191,265,000	119,127
Issued and fully paid:		
At 31 March 2020 and 30 September 2020	1,191,265,000	119,127

11 BORROWINGS

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Non-current:		
Bank borrowings	11,474	9,710
Current:		
Bank borrowings	1,345,160	1,632,565
Trust receipt loans	77,894	123,232
	1,423,054	1,755,797
	1,434,528	1,765,507
Secured:		
Bank borrowings	233,509	283,041
Trust receipt loans	-	26,923
	233,509	309,964
Unsecured:		
Bank borrowings	1,123,125	1,359,234
Trust receipt loans	77,894	96,309
	1,201,019	1,455,543
	1,434,528	1,765,507



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 BORROWINGS (Continued)

At 30 September 2020 and 31 March 2020, the Group's borrowings were repayable as follows:

	Trust receipt loans		Bank borrowings		Total	
	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Within 1 year	77,894	123,232	1,255,854	1,531,565	1,333,748	1,654,797
Amounts due for repayment after one year (Note):						
After 1 year but within 2 years	-	-	98,440	109,631	98,440	109,631
After 2 years but within 5 years	-	-	2,340	1,079	2,340	1,079
	-	-	100,780	110,710	100,780	110,710
	77,894	123,232	1,356,634	1,642,275	1,434,528	1,765,507

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

At 30 September 2020, borrowings of approximately HK\$609,077,000 (31 March 2020: HK\$663,156,000), were borrowed from banks in The People's Republic of China ("PRC") by subsidiaries of the Group that are established in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

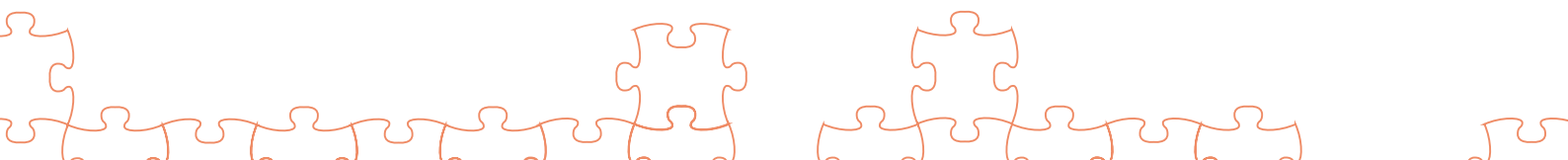
12 TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUALS

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Trade payables	575,475	490,902
Bills payables	232,965	157,437
Other deposits	4,904	4,628
Trade deposits and receipts in advance	275,281	203,654
Accrued salaries, bonuses and staff benefits	72,431	73,126
Accrued sales commission	52,190	42,289
Value added tax payable	25,736	10,858
Others	201,862	177,722
	1,440,844	1,160,616

The ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Within 90 days	509,929	365,532
91–180 days	46,685	99,625
181–365 days	7,167	14,046
Over one year	11,694	11,699
	575,475	490,902

The maturity dates of the bills payables are generally between one to six months.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 REVENUE AND OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Revenue recognised under HKFRS 15		
Die-casting machine	1,118,759	970,670
Plastic injection moulding machine	564,091	437,694
CNC machining centre	51,792	46,837
	1,734,642	1,455,201
Other income		
Value added taxes refund	8,639	5,493
Other subsidies from government	9,654	9,720
Rental income	9,774	10,826
Sundry income	4,232	4,168
	32,299	30,207
Total revenue and other income	1,766,941	1,485,408

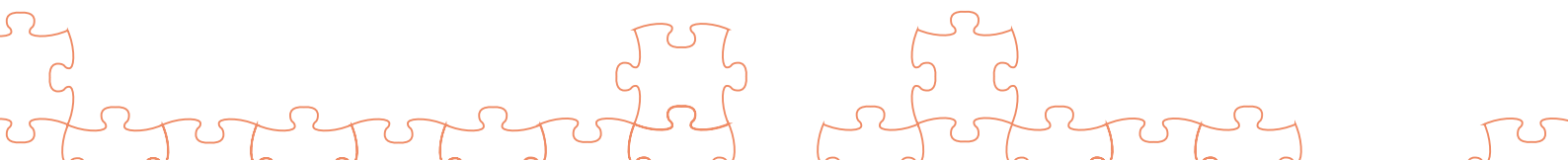
14 OTHER GAINS/(LOSSES) – NET

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Net foreign exchange gains/(losses)	7,059	(11,534)
Increase in fair value of investment properties (<i>Note 8</i>)	4,537	855
(Loss)/gain on disposals of property, plant and equipment	(536)	830
Gain on disposals of right-of-use assets	1,190	–
	12,250	(9,849)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 EXPENSES BY NATURE

	(Unaudited)	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Raw materials and consumables used	1,012,661	795,959
Change in inventories of finished goods and work in progress	(2,017)	43,868
Staff costs (Note 16)	255,407	254,059
Contributions to defined contribution retirement plans (Note 16)	14,340	23,750
Amortisation of intangible assets (Note 7)	2,428	1,788
Depreciation of property, plant and equipment (Note 8)	53,865	60,391
Depreciation of right-of-use assets (Note 8)	8,646	8,705
Research costs	8,749	10,486
Transportation expenses	38,927	25,765
Auditor's remuneration	2,028	2,111
Provision for impairment of trade receivables – net (Note 9)	11,351	12,164
Provision for/(reversal of) inventories write-down – net	9,250	(14,757)
Reversal of loss on financial guarantee contracts (Note 21)	(1,804)	(2,297)
Other expenses	183,417	175,142
	1,597,248	1,397,134
Represented by:		
Cost of sales	1,273,744	1,082,490
Selling and distribution expenses	162,924	143,492
General and administrative expenses	149,229	158,988
Provision for impairment of trade receivables – net	11,351	12,164
	1,597,248	1,397,134



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 EMPLOYEES' BENEFITS COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Wages and salaries	247,635	246,648
Retirement scheme contributions	14,340	23,750
Other allowances and benefits	7,772	7,411
	269,747	277,809

17 FINANCE COSTS – NET

	(Unaudited) Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Finance income:		
Interest income on short-term bank deposits	(3,826)	(2,422)
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	31,126	40,181
Interest on lease liabilities	491	591
Charges on bills receivables discounted without recourse	717	840
Less: Capitalised in property, plant and equipment (<i>Note i</i>)	(1,016)	–
	31,318	41,612
	27,492	39,190

Note i: Borrowing costs capitalised during the six months ended 30 September 2020 arose from general borrowing pool and were calculated by applying a capitalisation rate of 3.9% (2019: nil) to expenditure on qualifying assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
– PRC income tax	40,519	21,449
– Overseas tax	35	–
– Hong Kong profits tax	(20)	–
	40,534	21,449
Deferred income tax	1,102	(33)
Tax charge	41,636	21,416

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

In accordance with the applicable Corporate Income Tax Law of the PRC, the Company's subsidiaries are taxed at statutory rate of 25% (2019: same).

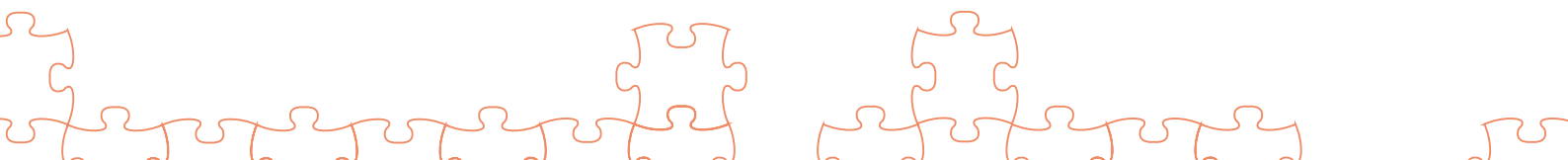
Certain subsidiaries in Shenzhen, Zhongshan, Ningbo, Shanghai, Kunshan and Fuxin have been certified as High and New Technology Enterprises and are entitled to a concessionary tax rate of 15% for three years. They are entitled to re-apply for the preferential tax treatment when the preferential tax period expires.

Under the Corporate Income Tax Law of the PRC, dividends out of profit earned on or after 1 January 2008 from the subsidiaries in the PRC distributed to the Group will be subject to withholding income tax. The implementation rules of the Corporate Income Tax Law of the PRC provide for the withholding income tax on such dividend to be at 10% unless reduced by tax treaty. Pursuant to a double tax arrangement between the PRC and Hong Kong, Hong Kong tax resident companies could enjoy a lower withholding tax rate of 5% on dividends received from China. Provision for withholding tax is included in deferred taxation.

As at 30 September 2020, deferred income tax liabilities of HK\$29,454,000 (31 March 2020: HK\$30,738,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings that are subject to withholding tax amounted to HK\$589,113,000 at 30 September 2020 (31 March 2020: HK\$614,750,000). Such amounts are not intended to be distributed in the foreseeable future to the Group companies outside of the Mainland China. For the subsidiaries that we have an intention to distribute their respective retained earnings, we have recognised deferred tax liabilities of HK\$10,000,000 (31 March 2020: HK\$16,620,000) for the withholding tax as at 30 September 2020 that would be payable upon such distribution.

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2019: same) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdiction in which the Group operates.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated earnings attributable to owners of the Company of HK\$113,151,000 (2019: HK\$15,893,000) and on the weighted average number of approximately 1,191,265,000 (2019: same) ordinary shares in issue.

	(Unaudited) Six months ended 30 September	
	2020	2019
Profit attributable to owners of the Company (HK\$'000)	113,151	15,893
Weighted average number of ordinary shares in issue (thousands)	1,191,265	1,191,265
Basic earnings per share (HK cents)	9.5	1.3

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and excluding own shares held during the period. The Company does not have any dilutive potential ordinary shares for the six months ended 30 September 2020 (2019: same).

20 INTERIM DIVIDEND

At a meeting held on 27 November 2020, the board of directors has resolved to declare an interim dividend of HK3 cents per share amounting to HK\$35,737,000 (2019: nil). This declared dividend is not reflected as dividend payable in this condensed consolidated interim financial information, but will be recognised in shareholders' equity in the year ending 31 March 2021.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 FINANCIAL GUARANTEES

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
The amount of the outstanding loans granted by banks to customers to purchase the Group's products for which guarantees have been given by the Group to the banks	11,869	24,538

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK\$115,231,000 (31 March 2020: HK\$24,538,000) which are granted to certain customers of the Group to purchase its products. Pursuant to the terms of the guarantees, the Group is required to deposit a portion of the sales proceeds received from these customers with the banks. Upon default in repayments by these customers, the Group is responsible to repay the outstanding loan principals together with accrued interest and related costs owed by the defaulted customers to the banks, and the Group is entitled to take over the legal title and possession of the related products. The Group's guarantee period starts from the dates of grant of the relevant bank loans and ends when these customers have fully repaid their bank loans.

During the six months period ended 30 September 2020, the Group recognised a reversal of loss of approximately HK\$1,804,000 (30 September 2019: HK\$2,297,000), as a result of repayment by customers of certain loans that defaulted in repayments in the prior years.

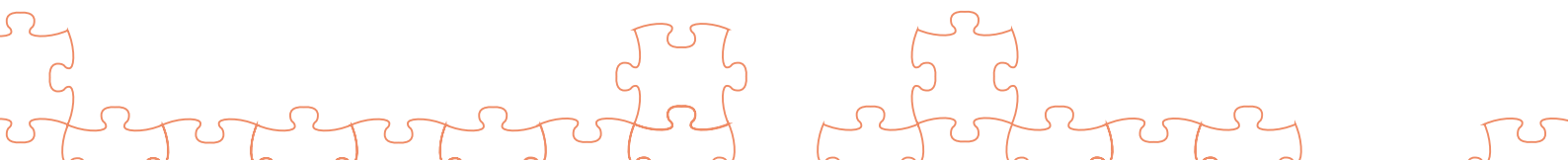
The Group has also provided guarantees in respect of financing facilities granted by leasing finance providers to the Group's customers. The amount of outstanding loans due by these customers to the leasing finance providers as at 30 September 2020 was approximately HK\$6,276,000 (31 March 2020: HK\$9,282,000).

The Company has provided guarantees in respect of banking facilities of its subsidiaries of approximately HK\$1,310,769,000 (31 March 2020: HK\$1,633,486,000). The facilities utilised by the subsidiaries as at 30 September 2020 amounted to HK\$721,201,000 (31 March 2020: HK\$1,030,961,000).

22 COMMITMENTS

(a) Capital commitments

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:		
Property, plant and equipment	419,801	131,293



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 COMMITMENTS *(Continued)*

(b) Operating lease commitments – the Group as lessor

The Group leases out the investment properties and certain machinery under operating leases. The leases generally run for an initial period of one to five years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had contracted with lessees under non-cancellable operating leases in respect of buildings and machinery for the following future minimum leases receivable:

	(Unaudited) As at 30 September 2020 HK\$'000	(Audited) As at 31 March 2020 HK\$'000
Leases receivable:		
Within one year	3,991	5,580
In the second to fifth year	1,042	1,353
After the fifth year	–	–
	5,033	6,933

23 RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management personnel during the period were as follows:

	(Unaudited) Six months ended 30 September 2020 HK\$'000	2019 HK\$'000
Wages and salaries, other allowances and benefits	8,526	12,005
Compensation for loss of office	–	2,230
Retirement scheme contributions	682	755
	9,208	14,990



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